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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 001017

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SUBJECT: DPP PRESIDENTIAL CANDIDATES TO COMPETE FOR PARTY
MEMBER VOTES IN MAY 6 PRIMARY

Classified By: AIT Deputy Director Robert S. Wang,
Reasons: 1.4 (b/d)

11. (C) Summary: In the first step of a two-stage primary process, DPP party members will vote on Sunday May 6 for their choices for presidential and legislative candidates. The party member vote, weighted 30 percent, will be followed by a public opinion poll on May 9-11, weighted 70 percent, and the combined results will determine the DPP's presidential candidate, who will be announced on May 12. Premier Su Tseng-chang is expected to win the party member vote on Sunday and is slightly favored by many observers here to win the overall battle against former Premier Frank Hsieh for the DPP presidential nomination. If Su does not beat Hsieh by a wide margin on Sunday, however, Hsieh will have a chance to take the DPP nomination. End Summary.

12. (U) DPP party members head to party polling stations this Sunday, May 6, to cast primary ballots for one of four presidential candidates and for legislative candidates. Of the approximately 250,000 party members eligible to vote in the DPP primary election this Sunday, about 150-180,000 party members are expected to cast ballots for a turnout rate of 60-70 percent. The party member vote, which is the first of two stages in the DPP primary, will count for 30 percent in selecting the DPP presidential nominee. The results of the May 6 party member vote will be announced immediately. The second stage of the DPP primary will be a public opinion poll, which counts 70 percent in determining the presidential candidate. The DPP's presidential public opinion polling will be carried out May 9-11, and the party will announce its presidential nominee on May 12.

13. (C) Premier Su Tseng-chang, former Premier Frank Hsieh, DPP Chairman Yu Shyi-kun, and Vice President Annette Lu are competing for the DPP presidential nomination. While Su and Hsieh are the clear frontrunners in the overall primary contest (party member vote plus public opinion poll), Yu along with Su and Hsieh could do well in Sunday's party member vote. The voting results depend largely on the alignment of DPP factions and local party leaders, who mobilize and direct their constituents in how to vote. While there have been debates over ideology and platform issue in the primary campaign, the real contest both at local and central levels is over the division of political power among the various DPP factions. In Sunday's party member vote, VP

Lu is almost certain to come in a distant fourth because she has not cultivated support from party factions or local party leaders. By contrast, Su, Hsieh, and Yu each have support bases. Yu is concerned, however, that some or even many supporters may desert him at the last minute in an effort to bandwagon with a winning candidate, i.e., Hsieh or Su.

¶4. (C) A number of AIT contacts and political observers estimate that Su will win the party member vote by a margin over Hsieh ranging from 10,000 - 30,000 votes. Yu could come in second in the party member vote if his supporters do not dump him. Su's margin over Hsieh on Sunday is key because most polls (except those from the Su camp) predict Hsieh will win the subsequent public opinion polling portion of the primary by a narrow margin. If Su defeats Hsieh on Sunday by 30,000 votes, analysts here believe Su will be the DPP candidate. If Su's margin of victory over Hsieh falls to 15,000 or less, then Hsieh will have a chance to become the party's candidate after the public opinion poll results are factored in. Recent polling numbers for Lu and especially for Yu are considerably lower than for Hsieh and Su.

¶5. (C) Many of AIT's contacts are predicting Su Tseng-chang will win the DPP presidential nomination. In addition to the balance of support by factions and local leaders, which favors Su, they also point to two other important factors. First, although President Chen has not publicly endorsed a candidate, the perception is pervasive here that Chen in fact supports Su. Chen's first calculation, one contact explained, is that the party must nominate a candidate who can win the presidential election. Chen's second calculation is to have a candidate who supports (and will protect) him. From Chen's perspective, long-time rival Frank Hsieh, who distanced himself from the President during Hsieh's Taipei

TAIPEI 00001017 002 OF 002

mayoral campaign last year, is less reliable than Su Tseng-chang. President Chen will be speaking to the party

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faithful and the general public in a two-hour televised interview on May 4, but he is not expected to single out one of the candidates for endorsement.

¶6. (C) Second, our contacts say, Su Tseng-chang (so far) does not have the kind of legal questions that are swirling around Hsieh over possible corruption during his tenure as Kaohsiung mayor. In other words, Su does not have Hsieh's vulnerability on the integrity issue and therefore will be more strongly positioned to do battle against KMT candidate Ma Ying-jeou. The publication this week in an expose magazine of a prosecutor's confidential document accusing Hsieh of corruption will only increase concerns about Hsieh's viability as the DPP's presidential candidate.

¶7. (C) While most attention Sunday will focus on the presidential primary, the fortunes of a number of reform-minded legislators will be a significant gauge of trends within the party. A number of reformers, who are associated with Premier Su, have been strongly attacked and labeled as the "eleven bandits" by Deep Green independence fundamentalists. Eight of the "11 bandits" plus several other reformers will be running in primary contests on Sunday. If reform candidates do relatively well despite the Deep Green attacks, that will be a sign that moderation and pragmatism, including toward cross-Straits economic relations, will continue to be an important force within the party.

Comment

¶8. (C) The DPP's presidential primary campaign has generated considerable heat, with candidates attacking each other and competing over ideological positions on the independence issue. The party will be quite happy to put the primary competition behind it and turn to the tasks of restoring

party unity and preparing for the real battle against KMT candidate Ma Ying-jeou in the presidential election, which will be held in March or possibly January, 2008. Su and Hsieh are both generally considered to be relatively moderate, pragmatic and cautious, a positive sign for the future of U.S.-Taiwan and cross-Strait relations.

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